

FISCAL NOTE

Bill #: SB0376

Title: General tax amnesty

Primary Sponsor: Elliott, J

Status: As Introduced

Sponsor signature

Date

Chuck Swysgood, Budget Director

Date

Fiscal Summary

	<u>FY 2004 Difference</u>	<u>FY 2005 Difference</u>
Expenditures:		
General Fund	\$10,472	\$75,000
Revenue:		
General Fund		\$1,989,466
State Special Revenue		\$208,200
Other		\$115,667
Net Impact on General Fund Balance:	(\$10,472)	\$1,914,466

- | | |
|---|---|
| <input checked="" type="checkbox"/> Significant Local Gov. Impact | <input type="checkbox"/> Technical Concerns |
| <input type="checkbox"/> Included in the Executive Budget | <input checked="" type="checkbox"/> Significant Long-Term Impacts |
| <input type="checkbox"/> Dedicated Revenue Form Attached | <input type="checkbox"/> Needs to be included in HB 2 |

Fiscal Analysis

ASSUMPTIONS:

1. This bill would provide a two-month tax amnesty program in August and September 2004. The Department of Revenue would waive all penalties and half of the interest that could be assessed against taxpayers with delinquent taxes who file a correct return and pay taxes due and half of the interest due.
2. Based on experience in other states, the amnesty would result in \$2,500,000 in additional collections from delinquent taxpayers and non-filers.
3. The Department of Revenue would administer the amnesty program with existing staff. During the amnesty period, 4 FTE would be diverted from normal compliance activity. On average, department compliance activity results in \$280,000 of revenue per FTE per year. During the amnesty period, normal audit collections would be reduced by \$186,667 (4 FTE x 1/6 year x \$280,000 per FTE per year). Net revenue from the amnesty would be \$2,313,333.
4. The amnesty applies to all tax types administered by the Department of Revenue. Collections from the amnesty would be distributed in the same way as normal collections, with 86% going to the general fund, 9% to state special revenue funds, 0% to federal special revenue funds, and 5% to other funds. The general fund would receive \$1,989,466, state special revenue funds would receive \$208,200, and other funds would receive \$115,667.
5. The Department of Revenue would incur costs of \$10,472 for mailing amnesty forms in fiscal 2004 and \$75,000 to advertise the amnesty in fiscal 2005.

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(continued)

<u>FISCAL IMPACT:</u>	FY 2004	FY 2005
<u>Expenditures:</u>	<u>Difference</u>	<u>Difference</u>
Operating Expenses	\$10,472	\$75,000
 <u>Funding of Expenditures:</u>		
General Fund (01)	\$10,472	\$75,000
 <u>Revenues:</u>		
General Fund (01)		\$1,989,466
State Special Revenue (02)		\$208,200
Other		\$115,667
 <u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u>		
General Fund (01)	\$(10,472)	\$1,914,466
State Special Revenue (02)		\$208,200
Other		\$115,667

EFFECT ON COUNTY OR OTHER LOCAL REVENUES OR EXPENDITURES:

About half of the additional revenue going to state special revenue accounts, or \$104,100 would flow through to local governments. The fraction of additional collections going to local governments would depend on the specific taxes with additional collections.

LONG-RANGE IMPACTS:

A one-time amnesty would not affect future collections.